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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
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THE WOOL SITUATION with WORLD PRODUCTION TABLES

Summary

Wool prices in the domestic market probably will remain near present levels for the next few months, the Bureau of Agricultural Economics reports. While domestic mill consumption has declined from the high rate of the first quarter of 1937, supplies in the United States are still below average and demand continues relatively favorable.

Present prospects indicate that world wool production in 1937 will be larger than in 1936. The increased production will be partly offset, however, by the reduction in stocks in the Southern Hemisphere where the carry-over was the lowest in several years. Wools from the new clip in the Southern Hemisphere will not be available in quantity until the final quarter of 1937.

The preliminary estimate of the quantity of wool shorn or to be shorn in the United States in 1937 is about 367 million pounds, which is an increase of 2 percent over 1936, and is practically the same as the average for the 5 years, 1931-35. The increase is the result of the larger number of sheep shorn and a larger average weight per fleece in 1937 as compared with 1936. This estimate does not include wool pulled from slaughtered sheep and lambs, which averaged 65 million pounds annually in the 5 years, 1931-35.

The total supply of apparel wool in the United States on July 1 plus the part of the domestic production which will become available in the next few months, was about 5 percent larger than a year earlier. Since stocks of apparel wool held by dealers and manufacturers on June 26, totaling about 142 million pounds, scoured basis, were 5 million pounds smaller than a year earlier, the quantity of wool on farms on July 1 apparently was larger than on July 1, 1936. Although larger than a year earlier, total supplies of wool in the United States were smaller than in most other recent years.

Consumption of apparel wool on a scoured basis by United States mills in the first half of 1937 was 16 percent larger than in the first half of 1936, and was larger than in the same months of any year since 1923. It is probable, however, that there has been some accumulation of stocks of finished good in the various channels of trade, and mill consumption in the last half of the year is not likely to be so large as in the same months of 1936.

DOMESTIC SITUATION

BACKGROUND - The domestic wool situation thus far in 1937 has been featured by very large mill consumption, below average stocks, and a level of domestic prices higher than for any similar period since 1929. The favorable conditions in the domestic market were accompanied by strong demand and relatively small supplies of wool in foreign countries. Prices declined in May in both domestic and foreign markets but the decline was checked in June. Mill consumption in the United States has declined gradually in recent months.

Wool Sales and Prices

Wool prices in the United States remained firm during the first half of July, although trading was light. After the middle of the month sales increased, and slightly higher prices were reported on some lines of domestic wool at Boston. Trading at country points increased considerably in the latter part of July. Sales were reported in the Western States as well as in Texas and to a lesser extent in the fleece wool sections of the Middle West.

Sales of wool in the Boston market in July were chiefly of the finer grades of western grown wools in original bags. Good French combing fine territory wools and good 12-months Texas wools in original bags were sold the latter part of July at from 95 to 97 cents a pound, scoured basis. The upper end of this range is slightly higher than that for prices quoted at the beginning of the month. Graded territory wools were sold in small lots and prices in the latter part of July were higher on the coarse wools, including low 1/4 blood.

Sales of fleece wools at Boston were small in July, but asking prices were firm to slightly higher. Offerings of country packed lots of Ohio fleeces, consisting of combing and clothing length 3/8 and 1/4 blood grades, were quite firm near the end of the month at 43 cents in the grease, delivered to Eastern markets. Similar wools were offered at 42 cents a month earlier.

Stocks Held by Dealers and Manufacturers

Stocks of apparel wool held by United States dealers and manufacturers reporting to the Bureau of the Census on June 26, 1937, totaled about 142 million pounds scoured basis, compared with 121 million pounds on March 27 and 147 million pounds on June 27 last year. Stocks of domestic wool were 13 million pounds smaller on June 27 than a year earlier, while stocks of foreign wool were about 8 million pounds larger. Less than a million pounds of foreign apparel wool were reported afloat to United States dealers and manufacturers on June 27.

Dealers' stocks on June 26 were 9 million pounds smaller than in June 1936, while manufacturers stocks' were slightly larger than a year earlier. Total stocks reported on June 27 were equivalent to 246 million pounds of shorn wool, greasy shorn basis, and 40 million pounds of pulled wool, greasy pulled basis. Stocks in late June 1936 on a grease basis were about 254 million pounds of shorn wool and 42 million pounds of pulled wool.

Total supplies of apparel wool in the United States including wool on farms and the unshorn portion of the 1937 clip were about 5 percent larger on July 1 than a year earlier. This would indicate that the quantity of wool on farms on July 1 was somewhat larger than on July 1, 1936. Receipts of domestic wool at Boston from April to June of this year were 4 percent smaller than in the same months of 1936, while production is expected to be about 2 percent larger than last year. Although larger than a year earlier, total supplies of wool in the United States on July 1 were smaller than in most other recent years.

Stocks of raw wool, top and noil held by dealers, topmakers and manufacturers in the United States, scoured basis, June 26, 1937, with comparisons

Item	1936	1937	
	June 27 1/	Mar. 27 1/	June 26
	1,000 lb.	1,000 lb.	1,000 lb.
Apparel wool, total	147,057	120,526	141,850
Dealers	76,794	36,929	68,119
Domestic	62,652	19,075	57,794
Foreign on hand	13,255	13,826	9,855
Foreign afloat	887	4,028	470
Manufacturers and topmakers	70,263	83,597	73,731
Domestic	48,246	39,616	40,085
Foreign on hand	21,993	36,650	31,333
Foreign afloat	24	7,331	2,313
Carpet wool, total	34,230	37,462	35,612
Dealers	2,211	2,434	2,873
Manufacturers	32,019	35,028	32,739
Tops	22,257	23,528	25,576
Noils	10,978	12,496	12,067

Compiled from Bureau of the Census Quarterly Wool Stock Report, June 26, 1937. The statistics are believed to include more than 96 percent of the total stocks held by and afloat to all dealers (including commission houses, pullers and cooperatives), topmakers and manufactures in the United States on the dates specified.

1/ Revised.

Wool Imports

Imports of apparel wool into the United States declined in June and were only slightly larger than in June 1936. For the first 6 months of this year, however, imports of such wool for consumption, totaling 121 million pounds, were almost twice as large as in the same months of 1936 and were larger than in any similar period since 1926.

In view of the present relatively small domestic supplies, United States imports of wool in the first half of 1938 may be fairly large. With prospects for smaller mill consumption in the second half of this year, however, imports are likely to be considerably smaller than those of the first half of the current year.

Mill Consumption

Consumption of apparel wool on a scoured basis by United States mills declined gradually from March to June, but consumption for the first half of the year was 16 percent larger than in the first half of 1936 and was larger than in the same months of any year since 1923. The weekly average consumption of apparel wool for the 4 weeks ended June 26 was 5,011,000 pounds, scoured basis, compared with 5,716,000 pounds in May and with 5,019,000 pounds in June 1936. The rate of consumption in June was the lowest since July 1936.

The consumption of apparel wool in the first 6 months of this year was equivalent to 253 million pounds of shorn wool, greasy shorn basis and 42 million pounds of pulled wool, greasy pulled basis. Mill consumption on a grease basis in the first half of 1936 was equivalent to 226 million pounds of shorn wool and 39 million pounds of pulled wool.

Latest reports of the New York Wool Top Exchange Service indicate a further slight recession in the general level of mill operations in July. New business in wool goods continued light and unfilled orders have been sharply reduced as a result of the relatively high rate of mill activity in recent months. Present indications are that the new lines of spring fabrics will not be opened before early September.

OUTLOOK FOR PRODUCTION, 1937-38

As estimates of wool production for 1937 have now been received for several important wool-producing countries, including the United States, Australia and the Union of South Africa, it is possible to give some indication of the outlook for supplies in the 1937-38 marketing year.

Preliminary estimates for 12 countries producing a little more than one-half of the world's production, exclusive of Russia and China, show an increase of 4 percent as compared with 1936. World production in 1936, exclusive of Russia and China, reached 3,386,000,000 pounds according to present estimates, an increase of 1 percent above 1935. Production averaged 3,398,000,000 pounds for the 5 years 1931-35 compared with 3,245,000,000 pounds for the 5 years 1926-30. (See tables 3 and 4).

Stocks carried over into the 1937-38 season in the Southern Hemisphere are even smaller than they were a year ago when they were the lowest for some time. It is too early as yet to state whether the reduction in stocks in the Southern Hemisphere is great enough to offset the expected increase in production there in 1937-38.

Domestic Production

The preliminary estimate of the quantity of wool shorn and to be shorn in the United States in 1937 is 367,359,000 pounds, which is an increase of 2 percent above 1936 and practically the same as the average for the 5 years 1931-35 according to the release of August 3, issued by this Bureau. The increase is the result of the larger number of sheep shorn and a larger average weight of fleece, which was 7.95 pounds in 1937 and 7.89 in 1936.

Production in the Western Sheep States, including Texas, was 266,200,000 pounds, an increase of 2 percent above 1936. The increase in these States was the result of the larger number of sheep shorn, as the average weight of wool per sheep was smaller than a year ago. Most of the increase was in Texas where production rose 18 percent from 64,265,000 pounds in 1936 to 75,538,000 pounds in 1937; this is more than one-fifth of the United States total production of shorn wool.

The native sheep states produced 101,200,000 pounds of wool this year, an increase of 3 percent above 1936. The larger production in the Native States this year resulted from the heavier average weight per fleece, since the number of sheep shorn was smaller than in 1936.

In addition to the shorn wool produced, some wool is pulled from slaughtered sheep and lambs. The amount pulled averaged 65 million pounds for the 5 years, 1931 to 1935.

Southern Hemisphere Production

As yet estimates are not available for the new clip in all of the Southern Hemisphere countries, where shearing takes place principally in the last few months of the calendar year. Preliminary estimates indicate an increase of about 65 million pounds or 5 percent in Australia and the Union of South Africa, the chief world sources of Merino wool. May was a dry month in these countries but early winter rains, occurring in June, relieved the situation; and if more rain is received, the winter feed situation will be greatly benefited.

Estimates of production for New Zealand, Argentina and Uruguay, which produce mainly medium and coarse wool, should be available within a month or two. Weather conditions in these countries have been generally favorable to the new clip during most of the wool growing season. Recent reports, however, indicate dry conditions in the interior of Argentina.

FOREIGN SITUATION

Sales and Prices

London auctions

Prices were well maintained at the 4th series of London wool auctions which opened July 6. While opening prices on some wools were lower than at the close of the previous series on May 6, advances during the series brought most wools to the May level when the sales closed on July 16. The chief decline in prices as compared with the May series was on sliped wools of which large quantities were available. England and France were the chief buyers at the series. Practically no buying was reported for the United States. The next series of London sales will open on September 14.

Southern Hemisphere

Marketings of the 1936-37 clip of the Southern Hemisphere havebeen about completed, and Southern Hemisphere markets are now preparing for the 1937-38 selling season. The first series of sales of the new season in Australia will open at Sydney on August 30 and continue to September 9. Sales also will be held at Adelaide and Brisbane, Australia, in the first half of September. Average prices received at Australian sales in the final months of the 1936-37 season were lower than during the main selling season, but this was attributed to the poor selection of wools available. Prices of wools of good quality and condition were reported to be well maintained during June.

New clip wools will be available in the Union of South Africa in September, but the season in South America and New Zealand will not open until October and November.

Exports from Southern Hemisphere Countries to June 30

Exports from the five important Southern Hemisphere countries [1/] up to the end of June were somewhat above expectations based on estimates of apparent supplies for the entire season. These estimates were based on reported carry-over at selling centers plus production. It seems probable that the keen demand for medium and coarse wools has brought out supplies which had been held over from year to year during the period of relatively slack demand for these types. It is also possible that production in South America has exceeded early estimates somewhat.

Exports from the three Southern Hemisphere countries, in which the season closed on June 30, amounted to 1,359,000,000 pounds, according to preliminary estimates, a reduction of only 5 million pounds as compared with 1935-36. Including Argentina and Uruguay, exports up to June 30, from the five Southern Hemisphere countries reached 1,739,000,000 pounds, an increase of 1 percent above 1935-36 and about the same as the preceding 5-year average.

1/ Export season ends June 30 in Australia, New Zealand and the Union of South Africa.

Present indications, based on an estimate of apparent supplies on June 30, are for smaller exports than a year earlier from Argentina and Uruguay in the last quarter of the current export season, i.e., from July 1 to September 30.

Exports to the United States from Argentina and Uruguay during the 9 months ended June 30 reached 99 million pounds and exceeded those of a year ago by 48 percent. Argentina supplied 72 million pounds or 73 percent of the total.

Shipments to the United States from the British Empire countries of the Southern Hemisphere for the 11 months of the season up to May 31 reached 112,400,000 pounds, an increase of a little over 150 percent compared with a year earlier. Two-thirds of this quantity came from Australia while almost the entire remaining third was from New Zealand.

Manufacturing Activity in Importing Countries

Conditions in the wool manufacturing industries of European countries continued somewhat irregular in June and the early part of July. The British Ministry of Labour reports that 8.7 percent of insured workers in the woolen and worsted industry of the United Kingdom were registered as unemployed on June 21, compared with 10.1 percent on May 24 when the figures were affected by a holiday period and 11.1 percent in June 1936.

Higher combing charges are to come into effect in Bradford on August 20, and a high rate of combing activity is expected prior to that date for the purpose of building up stocks at the lower charges.

Further slight recessions were reported from the wool manufacturing industries of France and Belgium in June, due largely to political and economic uncertainty. Steadily rising activity was reported for the Italian wool textile industry in June as a result of increased export trade in wool products. It should be remembered in connection with current European developments that the present recession in the wool textile industries of France and Belgium follows a period of relatively favorable activity in those countries, while the Italian industry is just emerging from the low level of activity resulting from sanctions and unfavorable economic conditions in 1935-36.

In Germany, mill activity continues fairly high through increased use of reclaimed wool and substitute fibers. Imports of raw wool continue well below those of the same months of earlier years.

Table 1.- Price of wool per pound in specified markets and prices of textile raw materials in the United States, selected periods, 1935-37

Market and description	Average 1935	Average 1936	1936 July	1937 May	1937 June	1937 July
	Cents	Cents	Cents	Cents	Cents	Cents
Boston:						
Territory combing, scoured basis-						
64s, 70s, 80s, (fine)	74.8	92.0	89.0	104.9	102.0	102.0
56s, (3/8 blood)	63.6	80.4	76.3	90.0	88.5	88.5
46s, (Low 1/4 blood)	51.4	63.9	63.5	71.8	68.5	70.5
U. S. farm price (15th. of month):						
Grease basis	19.4	1/26.9	27.5	32.7	31.4	31.3
London 2/:						
Average quality, clean cost 3/						
70s	47.5	58.4	56.5	69.0	70.4	70.4
56s	29.0	35.1	31.9	51.5	51.4	49.7
46s	18.6	23.8	23.8	44.3	44.2	44.2
Bradford 4/:						
Scoured basis -						
64s warp	47.7	59.8	57.5	71.0	72.0	71.5
50s	23.2	29.7	24.1	48.4	49.4	47.7
Southern Hemisphere	End of season prices not representative					
United States:						
Textile fibers -						
Wool, territory fine, scoured basis	74.8	92.0	89.0	104.9	102.0	102.0
Cotton, 7/8 Middling 5/	11.8	11.9	12.9	13.1	12.5	12.1
Silk, Japanese 13-15 6/	163.3	176.6	171.4	184.8	182.7	
Rayon yarn - 150 denier	57.3	58.6	60.0	63.0	63.0	

Foreign prices have been converted at prevailing rates of exchange.

1/ Preliminary.
2/ Average of quotations for each series of London sales as reported by the London Office of the Bureau of Agricultural Economics. For months when no sales were held figures are interpolated.
3/ Top and noil in oil.
4/ Quotations reported about the 25th of the month by the London Office of the Bureau of Agricultural Economics.
5/ Average at 10 markets.
6/ 78 percent white, at New York.

Table 2.- United States: Wool imports, consumption and machinery activity, specified periods, 1936 and 1937

Item	Jan. - June 1936	Jan. - June 1937	June 1936	May 1937	June 1937
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Imports for consumption -					
Actual weight 1/					
Apparel	61,788	120,574	9,062	16,019	9,479
Finer than 40s	48,864	103,296	6,535	14,636	7,851
Not finer than 40s	12,924	17,278	2,527	1,383	1,628
Carpet, including camels hair	62,486	115,139	8,143	13,629	18,751
Consumption, scoured basis 2/					
Weekly average -					
Apparel	5,051	5,875	5,019	5,716	5,011
Carpet	1,751	2,727	1,798	2,588	2,393
Aggregate -					
Apparel	131,328	152,753	20,076	22,862	20,045
Carpet	45,526	70,890	7,192	10,350	9,571
	Percent	Percent	Percent	Percent	Percent
Machinery activity 2/ (40-hour shift) -					
Worsted combs	114.1	145.2	115.9	140.7	126.2
Worsted spindles	75.8	103.9	72.0	102.0	90.5
Woolen spindles	114.0	131.2	111.7	128.2	120.2
Looms broad 3/	102.3	119.3	93.6	117.7	112.0
Looms narrow	49.5	67.7	45.4	64.5	56.6
Carpet and rug looms	61.5	86.6	60.5	85.4	82.2

Import figures from official records of the Bureau of Foreign and Domestic Commerce. Consumption and Machinery activity figures from the Bureau of the Census.

1/ Weight of greasy, scoured and skin wool added together.
2/ Figures for May and June based on 4 weeks, January to June on 26 weeks. No adjustment made for holidays.
3/ Over 50 inches.

Table 3.- Estimated production of wool in specified countries, 1932-37

Country	1932	1933	1934	1935	1936	1937 1/
	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.
SOUTHERN HEMISPHERE						
Australia	1,062.6	995.9	1,015.4	968.3	975.0	2/1,014.0
New Zealand 3/	288.4	300.5	275.9	316.5	295.0	
British South Africa 4/	319.4	275.2	210.0	237.8	5/264.0	6/ 290.0
Argentina 7/	364.0	364.0	364.0	335.0	351.0	
Uruguay 3/	8/ 110.2	8/104.7	8/119.0	113.0	8/112.4	
Total above countries	2,144.6	2,040.3	1,984.3	1,970.6	1,997.4	
Other So.Hemis. countries	77.5	80.3	84.3	81.2	78.9	
Total Southern Hemis.	2,222.1	2,120.6	2,068.6	2,051.8	2,076.3	
NORTHERN HEMISPHERE						
North America -						
United States -						
Shorn	351.0	374.2	370.3	364.7	360.3	367.4
Pulled 9/	67.1	64.2	60.5	66.0	66.2	
Total	418.1	438.4	430.8	430.7	426.5	
Canada	20.5	19.3	19.5	19.4	19.2	
Mexico	(9.0)	(9.6)	10.3	(10.3)	(10.3)	
Total	447.6	467.3	460.6	460.4	456.0	
Other	0.4	0.4	0.4	0.4	0.4	
Total North America	448.0	467.7	461.0	460.8	456.4	
South America (Northern)	(12.0)	(12.0)	(12.0)	(12.0)	(12.0)	
Europe -						
United Kingdom(England and Wales,Scotland, and Northern Ireland)	118.5	119.9	112.3	108.6	106.7	10/106.7
Irish Free State	19.6	19.6	17.0	16.5	17.6	
France	43.2	43.0	42.3	42.3	42.3	10/ 43.3
Spain	10/ 70.0	67.6	(68.0)	71.0	(71.0)	
Italy	40.0	39.0	38.1	37.5	10/36.3	
Germany	10/ 30.8	30.0	10/29.8	10/30.7	10/34.5	10/ 38.1
Rumania	62.7	61.5	68.0	60.1	(60.1)	
Total above countries	384.8	380.6	375.5	366.7	368.5	
Other	124.9	130.0	135.0	140.8	148.3	
Total Europe excluding Russia	509.7	510.6	510.5	507.5	516.8	
Africa -						
Morocco	10/ 20.6	30.9	10/29.1	33.4	33.4	
Algeria	39.3	10/39.3	10/41.2	10/43.6	10/47.9	
Tunisia 10/	4.4	5.2	5.5	5.5	5.5	
Total	64.3	75.4	75.8	82.5	86.8	
Other	11.9	12.0	12.1	11.9	12.2	
Total Africa excluding British South Africa	76.2	87.4	87.9	94.4	99.0	

Continued -

Table 3.- Estimated production of wool in specified countries, 1932-37 Cont'd.

Country	1932	1933	1934	1935	1936	1937
	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.
NORTHERN HEMISPHERE -Contd:						
Asia 11/						
Turkey	24.7	34.3	30.9	35.3	42.0	41.9
Iraq	18.7	16.3	17.7	18.5	21.5	
Syria	11.0	9.3	9.8	6.8	8.4	8.2
India	87.0	87.1	87.7	84.3	(84.3)	
Total above countries	141.4	147.0	146.1	144.9	156.2	
Other	66.0	64.0	64.0	69.1	69.1	
Total Asia excluding Russia and China	207.4	211.0	210.1	214.0	225.3	
Total Northern Hemisphere excluding Russia and China	1,253.3	1,288.7	1,281.5	1,288.7	1,309.5	
World total excluding Russia and China	3,475.0	3,409.0	3,350.0	3,340.0	3,386.0	
Russia	10/ 142.0	141.0	135.0	10/167.0	10/200.0	
China 12/	78.0	78.0	78.0	78.0	78.0	
World total including Russia and China	3,695.0	3,628.0	3,563.0	3,585.0	3,664.0	

Official sources unless otherwise stated. This table includes wool shorn and pulled during the calendar year in the Northern Hemisphere and that shorn during the season beginning July 1 or October 1 of the given calendar year in the Southern Hemisphere, the bulk being shorn during the last 6 months of the given calendar year. Pulled wool is included in the total for most important countries at its grease equivalent. Wool exported on skins included for the important exporting countries reporting such data. Figures in parenthesis are interpolated or carried forward.

1/ Preliminary. Subject to revision.
2/ Pre-shearing estimate of Australian wool brokers and growers in convention, converted to pounds, grease equivalent.
3/ Estimates based on exports alone, or exports, stocks, and domestic consumption and any other available information.
4/ The quantity exported on skins not included for lack of recent estimates. These exports averaged 19 million pounds for the five seasons ending June 30, 1934.
5/ Revised on basis of receipts for season.
6/ Unofficial estimate based on reported 10 percent increase above a year ago.
7/ Estimates of Argentine Ministry of Agriculture. Subject to revision.
8/ Estimates supplied by United States Department of Agriculture, Agricultural Attache' in Argentina.
9/ Published as reported by pulleries and is mostly washed.
10/ Estimates based on sheep numbers at date nearest shearing and other available data.
11/ Estimates for Asiatic countries rough approximations only.
12/ Unofficial estimates based on sheep numbers in 1933. Owing to unsettled conditions in recent years exports of sheep's wool not reliable index of production.

Table 4.- Wool: World production, 1921 to date 1/

Year	Production excluding Soviet Union and China	Soviet Union	China 2/3/	Production including Soviet Union and China
	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.
1921	2,662	298	89	3,049
1922	2,701	244	89	3,034
1923	2,650	256	89	2,995
1924	2,822	294	89	3,205
1925	2,955	315	89	3,359
1926	3,140	351	78	3,569
1927	3,175	371	78	3,624
1928	3,291	392	78	3,761
1929	3,302	394	78	3,774
1930	3,319	306	78	3,703
1931	3,413	4/ 212	78	3,703
1932	3,475	4/ 142	78	3,695
1933	3,409	141	78	3,628
1934	3,350	135	78	3,563
1935	3,340	4/ 167	78	3,585
1936 5/	3,386	4/ 200	78	3,664

1/ Revisions of estimates published in the Wool Situation March 10, 1937; World Wool Prospects November 1936 and May 29, 1936.

2/ Unofficial estimates based on official estimates of sheep numbers in 1920 and 1933.

3/ Exports are not a reliable index of production during this period owing to the unsettled condition in China.

4/ Estimates based on sheep numbers and average yield as derived from official estimates.

5/ Subject to revision.

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